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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 003591

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SUBJECT: LEE KUAN YEW DISCUSSES THAILAND'S FUTURE

Classified By: Ambassador Patricia L. Herbold; reasons 1.4(b) and (d)

1.(C) SUMMARY: Singapore Minister Mentor (MM) Lee Kuan Yew told visiting Ambassador Boyce November 6 of his concern that the Thai King's deteriorating health might undermine Thailand's political stability. The Crown Prince was a "disaster" and not ready to lead, he added. Former PM Thaksin should have been more patient and heeded the monarchy's prestige before attempting to consolidate power. Fearing a Thaksin political revival, the Bangkok elite and military might now promote a return to the pre-1997 Constitution with its weak political parties. Ambassador Boyce responded that democratic institutions were now too well-established for Thailand to revert completely. He and MM Lee agreed that the international community should remain engaged with Thailand and help it back to democracy. END SUMMARY.

2.(U) During his November 6 visit to Singapore, U.S. Ambassador to Thailand, Ralph L. "Skip" Boyce, accompanied by Ambassador Patricia L. Herbold and poloff (notetaker), met privately with Minister Mentor Lee Kuan Yew.

The King is the Key

13. (C) MM Lee said he understood King Bhumiphol's health to be poor, despite the Palace's public statements that he was well and would reign for many more years. If the King's health deteriorated further, he would not be able to stabilize the political situation, MM Lee said. The King had not "eased the mantle of succession" onto Crown Prince Maha Vajiralongkorn because the Crown Prince was "a disaster" and not capable of leading Thai society.

14. (C) MM Lee argued that the King's popularity undermined the ability of Thais to adopt "culturally and mentally" the democratic principle of "one man one vote"; the obeisance paid to the Royal Family by elite civil servants, politicians, and the military fostered an attitude of "first among equals" and allowed the elite to feel justified in marginalizing the common Thai. According to MM Lee, former PM Thaksin was a threat to the monarchy and, by extension, to the Bangkok elite because he sought to concentrate power in his own hands. Thaksin's downfall was a result of a "lack of patience"; he should have just "waited the King out" and allowed the monarchy to fade away. The Crown Prince would not have had the moral authority to counter Thaksin.

Return of Thaksin?

15. (C) The Bangkok elite should have found a different way to disqualify Thaksin from office, MM Lee said. While Prime Minister Surayud and the military council may not intend to hold on to political power, Thaksin's continued presence in the region and his popularity in Northern Thailand made his political return a real possibility after civilian government was reinstated. MM Lee observed that a fear of Thaksin's return might prompt the Bangkok elite to scrap the 1997 constitution in order to prevent Thaksin's return to power. Lee believed that, given the chance, Thaksin could still reassemble his political machine, because "money talks" in Thailand, and the main opposition Democrat Party had failed to capitalize on Thaksin's downfall.

16. (C) MM Lee asked about rumors that Thaksin was behind underground movements in the North, where his strongest supporters were. Ambassador Boyce said the USG had little information to support that. He suspected the junta was imagining stronger pro-Thaksin undercurrents in the North than what might really exist. The Ambassador noted that corruption investigations into Thaksin's activities while he was still PM had as yet revealed little.

Engagement, Not Alienation

17. (C) MM Lee believed it was important for the international community, especially the United States, to engage with rather than alienate PM Surayud and the Thai junta. "Black-ball" tactics with Surayud would not bring

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democracy back to Thailand. He supported the EU boycott of the installation of the interim assembly as a strong message to neighboring countries that such coups would not be met with complacency. He expressed concern that some in Indonesia would use Thailand as an excuse to subvert that country's democratic institutions just when it had a real chance to establish a lasting democracy.

Back to Square One

18. (C) MM Lee lamented that Thailand was now "back to square one." While Thaksin was corrupt, he was "competent," and major projects were completed under his leadership. The new Bangkok International Airport "would never have gotten off ground" without Thaksin. Pointing to Exxon-Mobil's decision to invest USD6 billion in Singapore rather than Thailand, MM Lee said Singapore had a competitive advantage because of corruption in neighboring countries. MM Lee believed the Thai political elite would choose to go back to the pre-1997 constitution with its numerous small parties, rather than "submerging" their personal interests to the greater good.

Economy to Remain Unchanged

19. (C) Ambassador Boyce expressed optimism that Thailand would return to "business as usual" because it was a stable society. The junta and Surayud did not have larger ambitions, and the economy was doing fine. He believed that a return to the pre-1997 constitution could potentially spark demonstrations; democratic institutions had progressed too far for Thailand to revert to the previous regime.

110. (C) Lee observed that Thailand had instituted enough market economy reforms that it would not return to a "sufficiency" economy (an economic model promoted by the King). As an experienced businessman, Thaksin had brought economic growth to Thailand, and the average Thai in Bangkok

(i.e. urbanites) would not want to go back to a "sufficiency" economy. Unlike other coup-prone countries, Thailand had cultivated a large educated middle class, Lee added. Many among the middle class had studied in the United States and thus helped promote an economy based on American practices.

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